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The American Observer

A free, virtuous, and enlightened people must know well the great principles and causes on which their happiness depends.—James Monroe

VOLUME XVI, NUMBER 1

WASHINGTON, D. C.

SEPTEMBER 9, 1946

U. S. Business At High Point

**Continued Prosperity Depends
on Policies of Industry
and Government**

IT is now a little more than a year since the close of the war, and the first year of peace finds business activity at a high point. We are in the midst of a "boom" period. How long it will last no one knows, but for the present it is a fact. Factories which a while ago were turning out war materials are now producing automobiles, radios, refrigerators, machinery, and goods of all kinds for peacetime use. An increasingly large housing program is under way, and other construction work is being pushed or is waiting for materials and labor.

Official figures show that during the summer 58 million workers were employed in the United States, and that only two million were out of jobs. Some of the unemployed were unable to work and others were moving from one part of the country to another. Practically all persons who wanted jobs and were able to take them were employed. In many places there is an acute labor shortage.

Such is the present situation. We come back now to the question, how long will it last? Are we at the beginning of a long period of prosperity, or is the present business activity only temporary? Will it be followed soon by depression and unemployment? What, if anything, can we do to keep the wheels of industry turning at high speed?

The best we can do with these questions is to examine some of the facts which explain the present prosperity and to inquire concerning conditions
(Concluded on page 6)



CHIANG KAI-SHEK
Head of China's Nationalist Government



QUICKSAND
As one cartoonist sees our role in China



MAO TSE-TUNG
Leader of the Communist forces in China

Is China Danger to Peace?

**As Nation Seethes with Civil Strife, Our Country Debates How It Can
Prevent the Struggle from Spreading and Bring Peace to the Orient**

THE civil strife between Chiang Kai-shek's Nationalist forces and Mao Tse-tung's Communists spells further tragedy for China. Her people are tired, hungry, and impoverished after the long years of war against Japan. They simply cannot afford more bloodshed or further delay in reconstruction.

At the same time, the new outbreaks hold the threat of tragedy for China's global neighbors. The rest of the world can afford to see a civil clash in China no better than the Chinese. The country is a hotbed of international interests and rivalries which could easily involve other powers in the struggle and destroy world peace.

The people of China have known little but trouble in modern times and

their weakness has been a constant danger to the harmony of the other powers. Disorganized and backward, China has been easy prey for any strong nation with designs on her vast territories and great untapped wealth. As other countries reached out to take what she could not defend, she became an arena for outside commercial and political rivalries.

Today an old story is being repeated in China. Her Nationalist and Communist groups maintained an uneasy truce during the war with Japan. But as soon as the war ended, they were at swords' points again. Although there have been repeated efforts to bring them together, they are once more in open conflict.

The issues are familiar. Chiang Kai-shek, leader of the Nationalist gov-

ernment, says he is willing to end the singlehanded rule of his Kuomintang Party and install a coalition government at the head of China. He promises democracy, full representation for the Communists, and numerous reforms which are badly needed.

But his promises are conditional. First he demands that the Communists merge their armed forces—now numbering 1,300,000—with the Nationalist army. He demands that they stop obstructing Nationalist efforts to take over Manchuria and other provinces of northern China. He also insists that the central government shall have the final word on how Communist-dominated parts of China shall be run from now on.

The Communists say they cannot accept these terms. They do not think Chiang has given them adequate guarantees of representation in the new coalition government. And they want a large share of control in areas where they are in a majority. Until Chiang meets these demands, the Communists will not surrender authority over their army, and they will not give up without a fight in the territories they hold. As they see it, they would lose all their bargaining power if they were to give up their military strength before making sure of their position in the new government.

Actually, of course, there is more to the situation than this. At bottom, the conflict between China's Communists and her Nationalists is a war of ideas. The majority of leaders in the Nationalist government are conservatives who believe their country should move slowly toward democracy. They want reform, but nothing drastic enough to upset the business interests which they see as China's best hope of modernization.

The Communists, who account for some 130,000,000 of the 450,000,000
(Concluded on page 2)



Walter E. Myer

preparing for citizenship; that they are pursuing their studies in order to gain information, ideas, and attitudes which will be helpful later on when they become voters and take their places in adult society.

Such a statement is only partly true. It is a fact that young people who do their work well today will be better prepared for future usefulness than they would be if they had no civic training while in school. But that is not the whole story. Students are not merely future citizens. They are citizens now. They have responsibilities now—responsibilities which they should not ignore. Grave issues of national and interna-

tional policy confront the American people today. These issues will not wait. They must be dealt with now or during the months that lie ahead. Upon decisions which must presently be made the welfare of the nation, the future of civilization, perhaps our very lives, may depend.

These decisions must be made by the people of the United States. They should be made by all the people who are capable of understanding the issues, of forming and expressing opinions. Students are sufficiently developed mentally so that they can acquire facts and think and express their convictions.

They are in an especially favorable position for civic activity. They have more time to study public questions than most adults have because they are not yet obliged to spend most of their waking hours earning their living. They have books, magazines, and newspapers

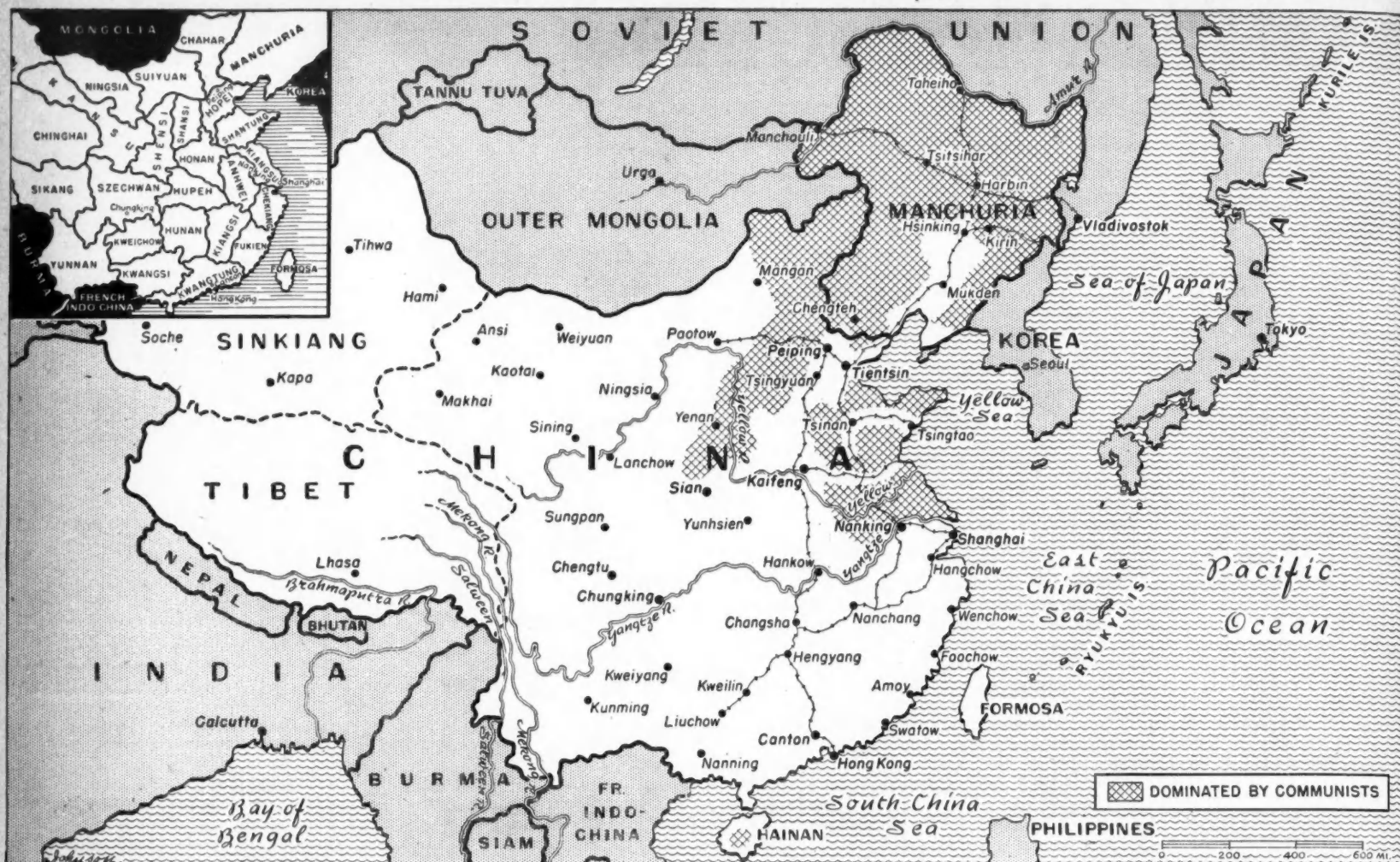
at hand, and they have guidance in their reading and discussions. They are encouraged, as most people are not, to study public problems fairly and logically.

When, therefore, a student reads or hears about an urgent community, national, or international problem, he should think of it as *his* problem. He should not idly and placidly wonder what "they" will do about it. He should substitute "I" for "they" in his thinking. He should make up his mind how the problem should be handled, and he should support the policies which, in his opinion, would best serve the public interest. He should, in short, do what any intelligent, patriotic citizen would do when confronted by a problem of public policy.

We are in dire need today of intelligent, well-informed, alert, and patriotic citizenship. And the time to join the ranks is now.

The Time to Start

By Walter E. Myer



Is China a Danger to Peace?

(Concluded from page 1)

people in China, want change to be more rapid and more fundamental. They believe money should be distributed so that no one is very rich or very poor. They favor cooperative instead of competitive methods. And they think local groups should have a great deal to say about their own government.

They have, to a large extent, put these ideas into practice in the parts of China where they have been dominant. They have set up cooperative farming communities where a number of families pool their efforts and divide the fruits of their labor. They have organized industry under government direction.

Many observers testify that their methods have worked, creating better living conditions in Communist China than elsewhere in the country. But the Nationalists fear that if the Communists keep too much power, they will try to go much farther—perhaps even communize all of China. The Communists on their side fear that if they do not hold on to their power, they will be forced to abandon the new methods they have adopted.

History of Conflict

The bitterness and suspicion which keep China's two great factions apart are rooted in a long history of conflict which goes back to revolutionary days. As often happens in revolutions, the Chinese people who overthrew the tottering Manchu dynasty in 1912 were united only in their desire for something new. They had different ideas about the kind of government which China should have and the role which it should play in the national life.

While Sun Yat-sen, great leader of the revolution, was alive, all groups

worked together. The Communists had an important place in the government, for Russia was China's strongest foreign ally.

With Sun's death in 1925, however, their unity quickly dissolved. Soon the Communists were at odds with the group led by Chiang Kai-shek. By 1927, the split between the two was so definite that real warfare began in China.

Continuing Struggle

Civil war was China's chief concern until the middle of the 1930's. By that time, Chiang's armies had effectively subdued Communist opposition. Yet the Communists who survived were still unwilling to accept the kind of government Chiang represented. In 1934, they began their "long march" from strongholds in southern and central China to a new home in the desolate northern provinces.

Fighting off the Nationalists, the Communists set up a government of their own. About this time, they cut their strongest ties with Russia and softened the extreme Communist ideas they had favored earlier. The system they finally adopted combined socialism and democracy.

By the middle of the 1930's, Japan had obtained a strong foothold in Manchuria. Soon her aggressions began in the rest of China. Communists and Nationalists were forced to suspend their quarrel with each other in order to defend China from the foreign invader.

The United States had kept an anxious eye on China throughout these turbulent years. Our traditional policy was to prevent other nations from carving up her territories. We favored the "open door," which meant

that all nations could trade with China on equal terms.

It was this determination to prevent a foreign power from gaining control of China's vast manpower and resources that played an important role in drawing us into war with Japan. After we entered the conflict, we began to supply China with lend-lease goods which would help her to offer better resistance to the common enemy.

But this soon inflamed China's internal troubles and drew us into them. The Nationalist government began to withhold supplies from the Communists, claiming that they were using these materials to increase their power and influence in China. Bad feeling grew, and each side accused the other of maneuvering for power instead of concentrating all effort against the Japanese.

We felt that good relations between the Communists and Nationalists were necessary to the Far Eastern war effort. Again and again we sent representatives to China to try to bring the two groups together. Again and again our efforts ended in failure.

Fear of Russia

When the war ended, we knew the old struggle was likely to break out in violent form again. This time, the situation was particularly important to us because we did not know what to expect from Russia. Many feared she might use a civil war as her chance to bring the Communists to power in China and then bring them under her control. This done, she would be in command of the Far East.

Consequently, we redoubled our efforts to effect some sort of compromise between the two warring factions. General Marshall was sent to China in the effort to achieve peace within China. For a while it looked as though he might succeed. After prolonged negotiations, the two sides

agreed to set up a single government in which both would take part.

But the truce did not last. Each side accused the other of not living up to its promises. Hostilities broke out anew, and China is now faced with a long, desperate, and costly civil war. Both General Marshall and our formal ambassador to China, John Leighton Stuart, have been unable to prevent the present crisis.

U. S. Course of Action?

What should the United States do next? Some say the answer is for us to back out of the picture and let the Chinese settle their family arguments by themselves. This group points out that we have done everything possible to bring the Communists and Nationalists together, but without success. It is argued that if we keep troops in that country any longer and continue to meddle in its affairs, we shall run the risk of involving ourselves in a dangerous struggle.

Another group of Americans takes issue with this point of view. They say that we paid a heavy price to help drive the Japanese invaders out of China, and that we have a stake in preventing the Chinese from committing national suicide. If we relax our influence in that country, it is said, the Russians will seek to extend theirs, and thus, out of self defense, we must continue to maintain our position in China until the crisis period is over.

A third group insists that we should call in the other Far Eastern powers—Britain and Russia—and work together with them on the problem of China. If these three powerful nations would exert pressure on the conflicting Chinese groups, it is maintained, there would be greater chance of success, and such cooperation on the part of Russia, Britain, and the United States would lessen the danger of a major conflict's developing out of the Chinese crisis.

Weekly Digest of Fact and Opinion

(The opinions quoted or summarized on this page are not necessarily endorsed by THE AMERICAN OBSERVER.)

"The War Hitler Won—The War of Numbers," by Lord Beveridge, The New York Times Magazine.

To strengthen Germany, Hitler wanted two things: more land and more German people. The land he did not get; in fact, if Germany's eastern boundary is settled in accordance with Russian and Polish demands, German territory will be reduced to three-fourths its former size. But he did win the population war, for today Germany is numerically stronger, in relation to her neighbors, than she was in 1939.

To offset losses during the conflict, Hitler took definite steps to increase the population. Marriages and births were encouraged. German women were exempted from factory work so that they might have children. Enough food was provided to keep Germans healthy, no matter how great the suffering in Europe as a whole. At the same time, German-occupied countries were subjected to mass murder, starvation, and the wholesale separation of married couples—all of which reduced their populations.

Germany lost 3,600,000 people in the war. Russia, it is estimated, lost 7,000,000; Poland, 4,620,000; Yugoslavia, 1,680,000; France, 820,000. Losses in other countries overrun by the Nazis bring the total to 15,000,000. In other words, Germany's enemies suffered four times as many deaths as she did. And even this is not the whole story. It must be remembered that German births decreased very little, while the birth-rates of the occupied countries dropped far below normal.

Today a shrunken Germany holds not only its own population, but also the Germans expelled from Poland, Czechoslovakia, and other countries. About 70,000,000 Germans are living in a territory one-fourth smaller than that occupied by 67,000,000 before the war. Even so, Germany is less crowded than Britain, Belgium, or the Netherlands. If she is permitted to become more highly industrialized than she was just before the war, she will be able to take care of her 70,000,000 people. But safeguards must be set up to insure that she uses her industry for peaceful purposes.

"Russia Permits Freedom in Finland," by Homer Bigart, New York Herald-Tribune.

Defeated Finland is an illustration of the old adage, "You can catch more flies with sugar than with vinegar." Stalin himself has said that the liberal treatment accorded this former German ally is caused not by generosity, but by "pure calculation of good-neighbor relations."

Two other factors perhaps have influenced Russia to be moderate in Finland. Russia after the war needed a loan from Sweden. Sweden would have refused this loan if the Communists in Finland, at a nod from Moscow, had tried any of the "rough stuff" the Communists used in Poland. Perhaps Russia has been pre-occupied with more important problems of strengthening Communist influence in Poland, Germany, and the Balkans.

Finland has more freedom than any other nation conquered or liberated by the Red Army. The Finns can criticize without whispering. The Russian control commission is small, and the Communist-controlled state police are reasonable. Hatreds have cooled, and the underground is almost non-existent. The mistakes of Poland are carefully avoided—there have been no mass arrests and no political murders in Finland.

Pro-Russian propaganda, neither crude nor excessive, is more effective than in Poland. Some schoolbooks which were obviously anti-Russian have been changed, but the Soviet officials have not insisted upon radical changes in the educational system of Finland.

"Keeper of Secrets," by Erik Vane, Inter-American.

For centuries public scribes have played a vital role in the private lives



GERMANY was the only belligerent nation in Europe that gained in population during the period of the Second World War

of millions of Mexicans, chiefly of the illiterate class. Scribes are a unique blend of public stenographer, secretary, Solomon, Shakespeare, and career diplomat. Their job carries great influence and responsibility.

In the letters they write for their clients, they propose marriage many times daily; they mend broken hearts and break other hearts; they soothe those in sorrow and congratulate those with new-found happiness; they buy, sell, trade, and collect debts; they execute yards and yards of legal documents.

"Offices" are under the trees of a central plaza. Sometimes, as in Mexico City and Guadalajara, the scribes occupy a semi-sheltered arcade or a bandstand-like pavilion. Their working hours are 9:00 a.m. to sundown.

This business continues to flourish because nearly half of Mexico's 20 million inhabitants cannot read or write. If the current anti-illiteracy campaign is successful, the scribes may find themselves doomed to less colorful, more ordinary, public stenography.

"A Belated Convert," editorial comment, Richmond Times-Dispatch.

Hideki Tojo, Japan's premier during most of the war and the chief symbol of Japanese militarism, has become convinced that all nations should renounce war.

"Japan, by her very defeat, crossed the threshold of a new era in which the greatest intelligence and the greatest political genius must be mobilized to substitute for war a different

method of settling the problems of mankind," Tojo told a United Press correspondent.

What a pity it is that Japan's war lords did not become converts to the outlawry of war before Pearl Harbor and before they conquered Manchuria 15 years ago and entered China. Japan dishonored her own signature on the Kellogg-Briand pact renouncing war as an instrument of national policy. But Japan knew that the pact had no force behind it.

Tojo is right in saying the world must find solutions to its problems through methods other than war. He is right in praising the new Japanese constitution with its clause prohibiting war. It is the first time that he has been right on a question of this kind.

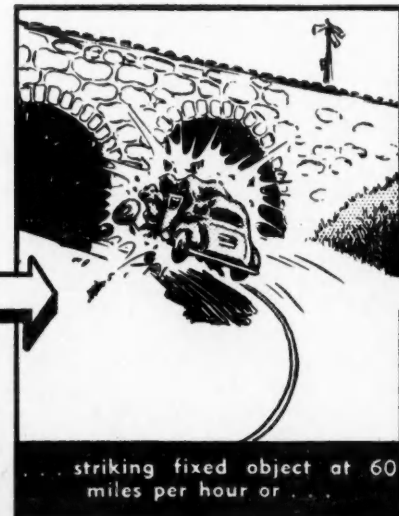
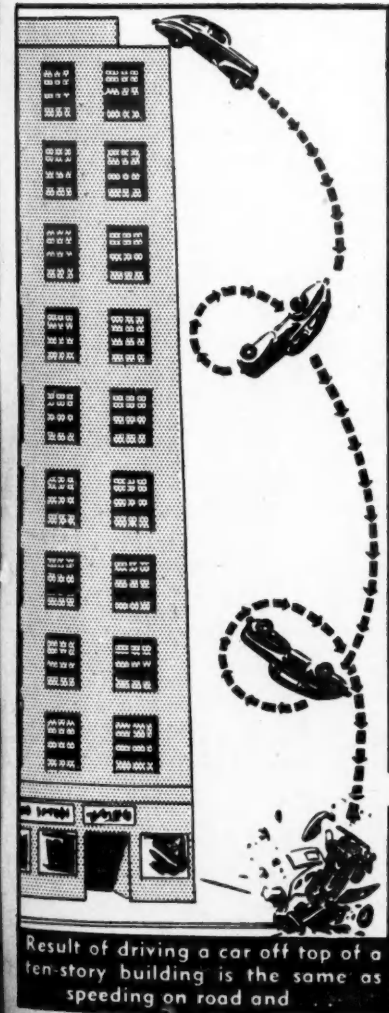
"U. S. Backs Student Exchange to Build International Amity," World Report.

Three government-financed programs are enabling American students to study in foreign countries. A few privately endowed international scholarships have been available before, but government backing will enable about 100,000 Americans to attend schools abroad.

One of the programs is sponsored by Senator Fulbright of Arkansas. This program is possible because we wish other countries to buy surplus goods worth 100 million dollars from us. Instead of paying us in cash, they will give us credit to educate our students in their universities. Under a similar plan tried with the Chinese after the Boxer Rebellion of 1900, many Chinese students studied in America.

A second source of funds to promote international education is the G. I. Bill of Rights. About 500 American students have chosen to use veterans' benefits in financing education in Canada, Britain, France, Switzerland, Italy, Australia, Mexico, and South America.

The State Department runs a third program of exchange scholarships. During the war hundreds of Latin American students came to our universities. Now many North Americans wish to study in South America. A new program, bigger than all others, is awaiting congressional approval. If it is adopted, the Secretary of State will finance the interchange of students, professors, technicians, government officials, and books throughout the world.



NO ONE WOULD BE FOOLISH enough to drive a car off a ten-story building, yet every day motorists do equally reckless things. The result has been a tragic loss of life in automobile accidents

The Story of the Week



THESE PLANS for redrawing the map of Europe were agreed upon by the Big Four—France, Britain, Russia, and the United States. The smaller nations involved in the war in Europe are now debating the wisdom of the Big Four's decisions.

U. S. and Yugoslavia

In the period since the American-Yugoslavian crisis first broke out, there has been much speculation as to whether Russia helped to bring it about. Most observers, rightly or wrongly, feel that she must have given the Yugoslavs some encouragement.

It is a fact that the Yugoslavs were bitterly disappointed when the Big Four foreign ministers decided to internationalize Trieste. They felt that the large Slav population in the Venezia Giulia (veh-neh'tsyah joo'yah) area, where Trieste is located, gave them a strong claim to the city. They pointed out that the Italians stabbed France in the back and did great damage to the Allied cause, whereas Yugoslavia made a real contribution to victory.

The United States and Britain, however, insisted that the city of Trieste, because the majority of its inhabitants are Italian, should not go to Yugoslavia. So the Yugoslavs have felt very bitter toward us since. They are inclined to be a hot-headed people, so it may be that they attacked our planes, without any regard for the consequences, merely for revenge.

Many observers feel, however, that the Yugoslavs would not have dared to take such action against so powerful a nation as the United States without assurance of Russian support. But there is no definite evidence to this effect up to now.

The Paris Conference

As this is written, the peace delegates in Paris are working under a cloud. New crises like the United States' quarrel with Yugoslavia threaten world harmony on every side. There is danger that the conference may break up without fin-

ishing its task of arranging treaties.

If all goes well, the 21 conference nations will recommend peace terms for Hitler's five European partners—Italy, Finland, Bulgaria, Hungary, and Romania. The Big Four foreign ministers will be guided by what the conference has suggested when they meet later on to write the final treaties.

Although the 17 smaller nations represented at the conference can do no more than recommend peace terms, their decisions will carry considerable weight. The Big Four know that they will be condemned by world opinion if they disregard the other countries which helped defeat the Axis in Europe. This explains why so much time went into debate about conference voting methods: each nation wanted rules which would enable it to swing the conference behind its own recommendations.

Coming issues of THE AMERICAN OBSERVER will analyze the recommendations of the Peace Conference.

Record of Congress

The 79th Congress, which adjourned last month, did not get along well during the last year with President Truman. Although the Democrats had a clear-cut majority in both Houses, a considerable number of them frequently voted with the Republicans against Truman measures.

In foreign affairs, Congress and the President cooperated on the more important issues. They agreed on making a loan to Britain, on U. S. cooperation with the World Bank and World Court, and on other matters of an international character.

In affairs at home, Congress gave the President far less support, although it did pass some of the measures he favored. It placed the national control of atomic energy mainly

in the hands of a civilian rather than a military committee. It approved of government action in promoting the building of 2,700,000 homes for veterans during a two-year period. It passed a measure designed to improve the efficiency of Congress by reducing the number of committees, engaging a larger research staff, and increasing salaries of congressmen.

On the other side of the picture, Congress refused to extend the OPA for another year unless certain of its powers were taken away. Congress did not go nearly so far as President Truman desired in having the government "guarantee" employment to workers during times of depression. It did not even vote on merging the Army and Navy, on compulsory military training for youth, on a 10-year housing program, on including millions of additional people in the social security program, and on other measures recommended by President Truman.

Whether the President will have a harder or easier time in his relations with Congress during the next two years of his administration will depend upon the outcome of the congressional elections on November 5.

Science in the News

Science is still on the march. Before long, for example, we may send rockets to the moon. Army Air Force experimenters will try as soon as they can to build a rocket capable of landing on the moon and sending back radar signals. During the coming year, aircraft manufacturers will build rockets powered to soar 130 miles above the earth. Within five years, the Air Forces hope to have some which can carry men outside the earth's atmosphere safely.

We may also look forward to im-

proved communications. Sometime soon you may answer your telephone and hear someone talking to you from a moving automobile, ship, train, or plane. Radio phones connected with ship-to-shore stations have already been set up by telephone companies. Soon other means of transportation will be equipped with similar phone connections.

Discoveries as well as inventions are flourishing. In Illinois, Indian-born Dr. Alamjit Singh recently found a way to use low-grade coal profitably. Heated and purified, this abundant material yields cooking gas, smokeless fuels, gasoline, oil, and other products.

Science has also found out something new about garlic. Recent experiments show that a garlic extract is helpful in preventing the growth of many kinds of bacteria, including tuberculosis germs.

Seeking UN Membership

While the Security Council debates their requests for United Nations membership, nine recent applicants are waiting, still outside. The countries which seek admission to the world organization are Afghanistan, Albania, Eire, Iceland, Mongolian People's Republic, Portugal, Siam, Sweden, and Trans-Jordan.

A two-thirds vote of the General Assembly and a majority of the Security Council—with the five major powers agreeing—is necessary in order for new countries to join the United Nations. Russia has expressed formal opposition to applications by Eire, Portugal, Siam, and Trans-Jordan, because Moscow does not maintain diplomatic relations with those countries. Great Britain and the United States question whether Albania and the Mongolian People's Republic, both under Russian influence, are ready for membership.

If the nations are accepted, they will not affect the voting arrange-



This is not the way to make democracy work!

ments in the Security Council, but will add nine votes to the General Assembly.

Price Debate Continues

The controversy over price control still rages on. The new price law, which was passed in July some weeks after the old one had expired, laid down rules permitting increases in a number of prices. In addition, it established a three-man Decontrol Board to decide, from week to week,

which products should come off the price-control list.

Nearly every decision of this De-control Board will probably cause a dispute. The first trouble to arise was when the Board decided to place meat, which was uncontrolled for seven weeks, back under price ceilings, and to allow the price of most grains and dairy products to remain unregulated. The Board pointed out that meat during the time it was unregulated had advanced in price much more rapidly than the other products involved. Nevertheless, the meat packers are very unhappy over the decision to control meat prices again. They contend that this action will once more drive most meat back into the black market.

The Board is also hearing from many consumers who are sharply pro-

large number of European refugees.

The British are afraid to let more Jews into Palestine. They point out that they have the responsibility for keeping peace in this part of the world—a job which will be difficult if more Jews are admitted.

The Dardanelles

The Straits between the Black Sea and the Mediterranean, consisting of the Dardanelles, the Sea of Marmora and the Bosphorus, are often prominent in world news. Only through these Straits can Russia, Rumania, and Bulgaria send their ships into the Mediterranean from Black Sea ports.

Under the Montreux Convention, signed in 1936 by nine countries (including Great Britain, Russia, and Turkey), the Turks, with the advice of the other nations involved, are permitted to fortify the Straits and to control the passage of warships through them. Russia has officially asked that the Montreux treaty be scrapped, that the Straits be controlled exclusively by the Black Sea powers (Russia, Turkey, Rumania, and Bulgaria), and that the Straits be fortified by the joint action of Russia and Turkey.

Such a move would take away Britain's share in control of the Straits, leaving only Russia and three small nations which the Soviets evidently believe they can dominate. It would give Russia a strategic base close to England's life line through the eastern Mediterranean and the Suez Canal to the Far East.

The British Foreign Office and the U. S. State Department have both indicated that they will strongly resist the Russian attempt to take control of the Dardanelles, the Sea of Marmora, and the Bosphorus. Russia, on the other hand, is expected to put up a stiff fight for domination of this vital waterway, which she considers should be her "Panama Canal."

Sister Kenny

In Australia, one woman with courage pioneered in a new method of treating infantile paralysis. Her name, *Sister Kenny*, became the subject of discussion and hope throughout the world and has now inspired an RKO Radio picture in which Rosalind Russell plays the title role.



ROSALIND RUSSELL plays the title role in *Sister Kenny*, a movie based on the life and work of the Australian nurse who has achieved fame in the treatment of infantile paralysis.



GENERAL OMAR BRADLEY, Administrator of Veterans Affairs

He's Doing a Good Job

General Omar Bradley

TO most American soldiers, the end of the war meant peace and quiet at last. But not to General Omar Bradley. When he became head of the Veterans Administration in August, 1945, the invader of Normandy stepped into a peacetime job as tough and challenging as any he had during the war.

The Veterans Administration is the biggest life insurance company in the world. It is also the biggest dispenser of pensions, and the biggest medical agency. To keep it running smoothly is difficult under any conditions.

But the conditions Bradley discovered when he took office were bad. Every one of the agency's branches was bogged down in the worst kind of inefficiency and mismanagement.

Bradley found that veterans' hospitals were badly overcrowded and short of help. Many were staffed with poorly qualified doctors; more were behind the times in their methods. He also found that the Veterans Administration had been playing politics with its hospitals. Instead of building them where they were most needed, VA policymakers had frequently located them to please Congressmen who were eager to secure benefits for their home districts.

The other branches of the Veterans Administration were in little better shape. The administration of the GI Bill of Rights was hopelessly behind schedule, and so was the veterans insurance program.

Bradley waded into this mass of problems with characteristic energy. He introduced a new hospital-building program immediately. His plan called for 78 new hospitals to supplement the existing 107. He made it clear that he would not be influenced by political pressure in deciding where to build them. The best interests of veterans would be the important consideration.

Next, he set out to improve the standards of veterans' hospitals. In spite of the present shortage of medical men, he succeeded in finding a large number of well-qualified doctors. Finally, he revolutionized the backward methods of treatment the veterans' hospitals had been using.

General Bradley has taken mediocre men out of high positions and replaced them with first-rate administrators. He has established 13 branch offices in different parts of the country so that the Veterans Administration can be on the scene to deal with veterans' needs. He is taking steps to streamline the handling of insurance premiums and the payment of checks under the GI Bill of Rights.

Bradley's forthright handling of the situation has won him the applause of veterans and of other citizens all over the country.

When Omar Bradley graduated from West Point in 1915, the *West Point Annual* had this to say about him: "His most prominent characteristic is 'getting there . . .'" Mild and polite, he was once described as a quiet gentleman who looks more like a professor than a soldier. Yet he has always insisted that men on his staff deliver the goods or get out.

General Bradley is intensely interested in sports, both active and spectator. He seldom misses a big league baseball game if he can help it. Those who came in contact with him on the battle fronts were impressed with his physical endurance. He is the kind of man who can be counted on to give the veterans what he calls "the service they deserve."



JIMMY McLANE, 15-year-old Akron schoolboy, has continued to add to his swimming laurels through the summer. Altogether, he now holds three national swimming titles.

testing because it ended price control over dairy and a number of other products.

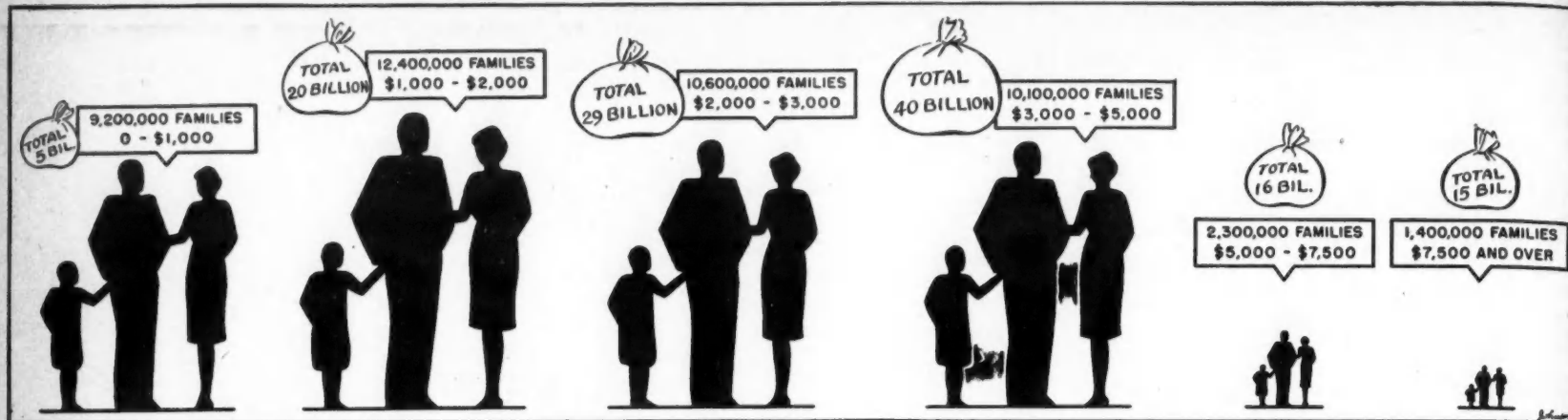
Jewish-Arab Conflict

Tiny Palestine still threatens to set the whole Middle East aflame. While the British and American governments continue their efforts to settle the old problem of Jewish immigration, Jews, Arabs, and Britons are locked in tragic conflict.

Palestine, a little country the size of Maryland, now supports some 400,000 Jews and more than three times as many Arabs. The Jews want the British, who govern the country as a League of Nations mandate, to allow 100,000 European Jewish refugees in immediately. Since the British refuse, they have been smuggling the European Jews into Palestine.

The Arabs say Palestine is their country and they do not want to see it overrun with Jews. They fear that an enlarged Jewish population would be unable to support itself without depriving Arabs of their livelihood. The Jews reply that they have a historic claim to Palestine, for it is their ancient home and Holy Land. They point out that Jewish immigrants usually settle in desert regions which the Arabs do not try to cultivate. As they see it, this fact should banish Arab fears of competition.

President Truman wants the British to let more Jewish refugees into Palestine. At the same time, he thinks other countries—the United States included—should help by taking in a



THE INCOMES OF AMERICAN FAMILIES during the year 1945 are shown on the chart. As prices continue to rise, it becomes increasingly difficult for millions of families in the lower-income brackets to afford automobiles, refrigerators, good housing, as well as other necessities and comforts

Will an Industrial Collapse Follow the Boom?

(Concluded from page 1)

under which it might or might not continue. The first step is to account for the fact that things are now going so well.

The explanation is to be found in conditions which prevailed during the war years. Everyone was employed then and wages were relatively high. People had more money than usual to spend, but things they wished to buy were scarce. Many of the products they wanted were not being made and were not on the market. Hence many of them bought government bonds or made other savings.

By the time the war ended, there was a great pent-up demand for goods of many kinds. People needed clothing, furniture, automobiles, radios, washing machines, farm implements, and hundreds of other things. Furthermore, because of their savings they had enough money to buy many of the articles they wanted. Factory owners could be certain that they might turn out goods as rapidly as possible and that they could sell all that they could produce. Consequently, there has been widespread need coupled with purchasing power, and that makes for good business.

People will continue to want things. There is no question of that. But what about purchasing power? Will they be able, month after month and year after year, to buy all that the factories produce, especially if the production of goods continues to increase? That is the big question. If the people of the nation are able to keep on buying goods as fast as factories and farms produce them, all will be well. In that case we will have prolonged prosperity.

Danger of a Crash

If, on the other hand, the public does not have enough money to pay for all the things that are being made, factories will after a while find surpluses on their hands. They will be obliged to slow down. Men will be thrown out of work and depression will occur, as it did after the crash of 1929.

There is a great deal of evidence to show that the purchasing power of the people is limited. There is a general impression that wages are high and that all the people are well off. Wages in certain industries are high, but nevertheless many families do not enjoy large incomes. One family out of five in the United States has an income less than \$1,000 per year. One family out of two has less

than \$2,000 a year to spend. More than two families out of three in the United States have incomes of less than \$3,000 a year. Only one family in 14 has more than \$5,000 a year.

These figures indicate that most of the people of the country will be unable to buy on a very great scale. They indicate that unless purchasing power somehow rises, factories cannot long continue to increase production and still find buyers for their goods.

Another factor in the situation is prices. If prices continue to advance as they have been doing recently, millions of families will be able to buy fewer and fewer goods—that is, unless their incomes increase.

But what about their savings? Will they not be able for a long time to use the money they have saved for the purchase of goods? The fact appears to be that these savings are not so extensive as many have believed.

The *United States News* makes the statement that nearly 10 million families have only \$20 each in liquid sav-

ings, that is, in savings that they can easily draw upon. Nearly half of all families have less than \$230 in average savings, and only 6,500,000 families have savings amounting to as much as \$1,500. Furthermore, it is said that families with less than \$3,000 income (and more than two-thirds of American families are in this group) have already used up a large part of their savings.

It seems probable, therefore, that we may soon reach a point where the factories of the nation will be producing more than people can buy unless something happens to increase the purchasing power of the mass of the people. But how can that be done? Two conflicting theories are advanced in answer to this question. Here is one of the answers:

"The first step is for the Government to take its hands off business. It should not try to limit prices and should not encourage wage increases. It should lower taxes as soon as this can be done. Factory owners will then have a free hand. They can go ahead increasing production. As they

proceed, working at full blast, more workers will be employed. This will insure incomes to all families. Factories will compete for labor and wages will tend to rise.

"Furthermore, as the factories operate at full capacity, costs of production will go down. Some of the factories will then lower their prices, and competition will force others to follow. Prices will fall and this will enable families to buy more goods. Purchasing power will increase so that people can buy all that is being produced. A high level of prosperity can in this way be assured."

Are Controls Needed?

Critics of this theory say that it simply won't work. They argue as follows:

"If business is given a free hand, there will be great activity at first. Factories will operate at full speed and make a great deal of money. Employers will not raise wages, however, unless they are compelled to do so. Nor will prices be lowered. Competition will not force them down, since in many industries there is very little competition. Factory owners will make high profits and will use these profits to expand their plants, producing more and more. After a while the people, with their low incomes, will be unable to buy what is being produced, and then will come the crash and depression.

"The Government must take a hand in raising the purchasing power of the people. It should take steps to raise the wages of low-income families so they will have more money to spend. It should have the power to fix limits beyond which prices may not be raised. By holding prices down and wages up, it can keep the purchasing power to the point where the people can buy as much as is being produced. In this way depression can be prevented and continued prosperity can be assured. The Government must also be prepared to furnish jobs quickly to those who at any time cannot find employment in private industry."

These two theories will come into conflict during the next year or two at dozens of points. They will be in opposition whenever price controls or minimum wages are proposed, and many other issues will be involved. These issues, when they arise, will be fully discussed in THE AMERICAN OBSERVER. It is important that they should be carefully studied.

Straight Thinking

By Clay Coss

A FEW days ago one of my friends told me that he would rather listen to a sporting event on the radio than to be present and see it with his own eyes. His explanation was that a good sports commentator could make any situation seem exciting. He fills

in the dull moments with interesting comments, and makes even an ordinary play or action appear to be spectacular.

There is perhaps much to be said for my friend's point of view. The purpose of athletic events is to entertain, and if one can get more satisfaction from a reporter's exaggerations than he gets from witnessing the game at first hand, he has good reason for his choice.



Clay Coss

The trouble is that many people follow the same line when more important things are at stake. They enjoy the sense of excitement which

comes from reading spectacular headlines, and from listening to radio commentators who, like the sports announcer, are more concerned about making the story interesting than about painting a full and true picture of affairs and problems.

Most of us do not have an opportunity to study labor disputes, international conferences, and other important events and developments at first hand. We must depend upon newspapers, magazines, and radio commentators for our information. These sources, however, must be closely questioned. We must be on guard lest our opinions be formed through the reading of misleading headlines and exaggerated stories prepared more for the purpose of entertaining or exciting us than for the purpose of giving a complete explanation of the issues involved.

The straight thinker will study the important problems of the day. He will read as much as he can about important issues as they come along even though some of the developments may not be exciting or spectacular.

Historical Backgrounds

By David S. Muzzey

WITH the opening of the year's work this fall, thousands of students of American history, and of modern history as well, will turn to the familiar but ever absorbing story of discovery and exploration. The exploits of Columbus, of Magellan, of Raleigh and Frobisher, the later colonization of the Spanish, the French and the English—all these are interesting enough if considered by themselves. They take on a new and dramatic meaning if looked upon as the opening chapter of a bit of human history, the final chapter of which is perhaps just now being written.

From the earliest days peoples have moved great distances in migratory movements, taking new lands and sometimes displacing populations. These earlier migrations were across land or inland seas. The new movement, the one which resulted in the settlement of the North American colonies, was across an ocean. It was the first step in oceanic migration.

The settlement of the United States by immigrants who came from Europe did not end with the establishment of colonies along our eastern seaboard. Immigration and settlement continued. The English, Dutch, French, Swedes and others established colonies and then kept on coming.

Later on Germans came in large numbers and later yet came the Irish, Italians, Poles, Hungarians, Greeks, and other nationalities.

This movement of populations from Europe to North America increased in volume until the early years of the twentieth century. It made of the

United States a great melting pot composed of people from all over the world, but chiefly from Europe.

For a long time the American people welcomed these additions to their population. But a change of opinion came in the period



David S. Muzzey

leading up to the 1920's. We decided then that immigration into the country should be pared down or stopped. In 1924 a law was passed limiting the number of immigrants who might come to the United States in any one year to 150,000. Each nation was restricted as to the number of its people who might enter the United States in any year. The law has operated so as to keep the total number of immigrants well below the total of 150,000.

In 1937 only 50,000 immigrants came to the United States, and 26,000 foreigners departed. In 1938, the last year before the war, about 68,000 entered and 25,000 left. In 1945, 38,000 entered and 7,000 went back.

These figures show that immigration into this country is but a trickle. It has practically stopped. This means that the peopling of the United States from across the ocean, which began with the settling of the colonies along our eastern seaboard, has now nearly ceased.

(Next week the discussion of immigration, past and present, will be continued in this column.)



A new house of brick and concrete is being built for the Puerto Rican family that has been living in the shack shown above. Most Puerto Ricans are extremely poor.

Puerto Rico and the Future

Island Territory Weighs Advantages of Independence Against the Needs of Its Large Population

PUERTO RICO has never been satisfied as a United States territory, and today there is considerable excitement in the island at the thought that it may soon have an opportunity to decide its own fate.

During the last Congress, a bill was introduced to permit the people of Puerto Rico to vote for one of the following: (1) Complete independence as a self-governing republic; (2) "dominion rank" with gradual preparation for future independence—an arrangement like that provided for the Philippine Islands before they became a nation; (3) admission to the Union as a state; (4) a wider measure of self-government with the right to elect their own governor.

Even as things are now, there are few colonial possessions anywhere which are permitted the degree of self-government enjoyed by Puerto Ricans. All adult citizens have the right to vote, and they elect both houses of their legislature. Only the governor and a few other officials are appointed by the President of the United States.

Not being allowed to choose their own chief executives has always nettled Puerto Ricans, but their old resentment was somewhat lessened this summer when President Truman gave them their first native-born governor. He is Jesus Pinero, an American-educated engineer and well-to-do landowner who has been representing Puerto Rico in Washington as resident commissioner—actually, a congressman without a vote. For years Señor Pinero has been active in island politics, and he is popular because he has always championed the cause of the poverty-stricken peasants.

Governor of Island

Puerto Rico needs a governor who understands her difficulties and sympathizes with her poor. This island of green mountains, bright sunshine, palms, and flowers, is by no means the paradise it might seem to the casual tourist. Two problems, overpopulation and unemployment, keep large numbers of its people in hopeless poverty.

In an area of 3,435 square miles, something less than half that of New Jersey, there live 2,000,000 Puerto Ricans. The island is more crowded

even than greatly overpopulated China.

Since there is no mineral wealth in Puerto Rico except some quarry products and a little manganese, the people are almost entirely dependent upon agriculture. The flat coastal plain is very fertile, but most of the island "stands on end," and the mountain soil is thin and poor. Every acre that will take a crop is planted in sugar, fruits, coconuts, tobacco, or coffee, but only half the land can be cultivated in any way. According to a recent study made by the U. S. Tariff Commission, there is not enough land to provide a decent living for more than half the present population.

Leading Crop

Sugar is the chief crop, and because it does not employ men the year around it makes the unemployment problem even worse. For six or eight months each year the vast sugar plantations are as busy as beehives, but the rest of the time they are idle and the peasants who work them can barely manage to keep alive. When the slack season forces these part-time workers to join the ranks of the 240,000 regularly unemployed, a very large part of the adult population has nothing to do.

If Puerto Ricans are given a chance to determine the future of their country, they will have to weigh the advantages and disadvantages of each course open to them. Should they decide on independence, either now or after a period of preparation, they must expect to lose most, if not all, of the advantages which came to them as a territory of the United States.

These advantages have meant much to the island. In the 48 years since we took it from Spain, we have poured more than a half billion dollars into the territory. Puerto Rican industry has benefited greatly by being able to sell its products to us duty free. Citizens of the island have been able to move to the mainland freely.

The word "independence" has a magic sound to these Spanish-speaking people who have never felt themselves really a part of America, but there is no getting around the fact that the cutting of all ties with the United States would increase, rather than solve, the problems of the island.

Readers Say—

AS soon as our readers have had time to get back to their study of current events, and have had time to express themselves on vital issues in letters to this column, we shall resume publication of *Readers Say*.

Letters may deal with any subject of interest to students and teachers. They may give us your opinion on the topics discussed in these pages, or they may tell of interesting activities in which you and your school are engaged.

We ask only that your letters be brief. Our space is limited, and we want to publish as many letters as possible.

Last year the letters we received from students convinced us that American youth is thinking, and that it has worthwhile comments to make on current problems. Here is a forum whose thoughts and comments can be published. We believe that students, and teachers, too, benefit from reading what students in other parts of the country are doing and thinking. So let us hear from you as often as you feel inclined to write during the school year.

SMILES

Visitor: "What a glorious painting! I wish I could take those lovely colors home with me."

Artist: "You will—you're sitting on my paint box."

Teacher: "In which of his battles was King Gustavus Adolphus of Sweden slain?"

Pupil: "I'm pretty sure it was the last one."

Employer: "John, I wish you wouldn't whistle at your work."

Boy: "I wasn't working, sir; only whistling."

"The boss says that when he was a boy on the farm they had a mule that was just like one of the family."

"Yes, and I know which one."

Horse sense is that sense which keeps a horse from betting on the human race.

"At last," said the ambitious young novelist, "I have written something that will be accepted by the first magazine it is sent to."

"What is it?" asked his friend.

"A check for a year's subscription."

"This plant," said the gardener, "belongs to the begonia family."

"I see," said the lady. "How kind of you to look after it while they're away."

Prof: "Give for one year the number of tons of coal shipped out of this country."

Frosh: "1492—none."



"We don't want to be friends. Can't we just be Allies?"

Careers for Tomorrow - - Finding Your Place

THIS is a period of labor shortage and it is relatively easy for a person to find a job. So great is the demand for labor that one can ordinarily find a place of some kind at fairly high wages even though he is not highly skilled.

Students should not, however, be deceived by this situation. It is practically certain that the present demand for labor will not be permanent. Sooner or later we will get back to more normal conditions. And in normal times competition is rather keen. If one is to find a position which is at all attractive, he must be well prepared. If, therefore, a student is wise, he will think a great deal about the qualities which make for success in life, and he will give thought to the development of those qualities.

Since most of the students now in school are looking forward to the time when they will want positions, THE AMERICAN OBSERVER will devote space this year to information which may be helpful to them. From week to week this paper will describe the opportunities available in different lines of work. It will furnish facts relative to the wages or salaries which may be expected in these jobs, and to the preparation one must make in order to do the work well.

As a first step in the choice of an occupation, we suggest that students should examine conditions which prevail in a number of occupations. One should find out all that he can about the requirements for getting and holding positions in these occupations. After this general survey is made, a student will be in a position to select a line of work which seems suitable.

After this tentative choice has been made, and before he makes up his mind definitely, he should ask and try to answer a number of questions about the vocation in which he is interested—questions such as these:

Can I do the work which this job calls for? In answering this question you will want to take into account both physical and intellectual require-



The record you make in school today will have an important bearing on your success in a career.

ments. Some jobs call for hard physical effort. Others require intellectual effort which will be beyond all students except those capable of making exceptionally good grades in school.

Will this work call forth my best powers? One should not choose a vocation, however attractive, unless it enables him to use his best talents. If, for example, one is especially good in mathematics he should find a job

which calls for a mathematical operation.

Will I like the work? Since a large part of one's time is given to his vocation, it is a shame to work at a job which has no appeal. One is far more likely to succeed at something he likes than at something which he does merely to make money.

Will I be able to secure the training which is necessary? Some positions, especially those in the professions, call for long periods of training, and this training is expensive.

What are the chances of securing a job? Nearly all fields are overcrowded in hard times, and jobs are easy to find in most lines of work when times are good. If, therefore, one has a great liking for a particular kind of work, he should probably go on with it. But if his preference is only slight he would do well to select a vocation which is ordinarily less crowded.

What about opportunities for advancement? Do not plan to take a blind-alley job even though it offers opportunity for employment.

What about salaries or wages? You need not pay much attention to the income a job will give you at the start, provided it is enough to furnish you a living. You will want to know, however, what you may expect in the way of an income five or ten years from the time you enter an occupation.

Will this job give me an opportunity to contribute to the public good as well as to serve my own interests? Do something which needs to be done and do it well. If you travel that road you will be playing the part of a patriot, and will gain satisfaction from performing a needed service.

Study Guide

Industry

1. What evidence is there that we are now in a "boom" period?
2. What factors have contributed to bringing about the "boom" conditions?
3. What is meant by "purchasing power"?
4. How does "purchasing power" affect production and employment?
5. What effect do rising prices have upon production and employment?
6. Some Americans favor extensive government control to maintain the current prosperity. Others favor less government control. Summarize the arguments of each group.

Discussion

1. Are the incomes of American families as shown in the chart on page 6 of this paper higher or lower than you thought they would be?
2. Most industries which have granted higher wages to their workers have asked for higher prices to meet the increase in wages. President Truman has said that he believes that, in such negotiations, a fact-finding committee should determine whether the industry can meet the higher wages from its profits, or whether it should raise prices. Do you agree with the President, or do you think that these matters should be left to industry?

China

1. Why are China's Communists and Nationalists fighting each other?
2. What differences in ideas divide them?
3. When did the conflict between the Communists and Nationalists first result in open warfare?
4. Over the years, what has the United States wanted in China?
5. Why is it so important to us to prevent further fighting in China?
6. Who has been President Truman's special representative in China and what has been his mission?

Discussion

1. Do you think the United States should keep troops in China if the fighting between Communists and Nationalists continues? Why?
2. Would you favor or oppose having our government ask Britain and Russia to cooperate with us in the effort to end the civil strife in China?

Miscellaneous

1. What is the Decontrol Board doing in the price-regulation setup?
2. How will the action of the United States and Great Britain in merging their occupation zones in Germany be beneficial?
3. Name some of the nations which have applied for membership in the United Nations.
4. What suggestion has President Truman made concerning the problem of Jewish refugees in Europe?
5. Why are the Dardanelles important to Great Britain? Why are they important to Russia?

Pronunciations

Mao Tse-tung—mau dzuh-dung
Chiang Kai-shek—chyahng kai-shek
Guadalajara—gwah-thah-lah-hah'rah
Montreux—mon-tru'

The United Nations in Action

General Assembly to Meet in New York

AS this paper goes to press, the second meeting of the United Nations Assembly is scheduled to meet in New York on September 23. If it appears, however, that the Peace Conference, now being held in Paris, will drag on for a long time, the

Assembly meeting may be postponed, but present indications are that it will meet as planned.

The General Assembly is, in a sense, the "town meeting of the world." All the 51 nations belonging to the UN are represented in this body, and they all have an equal voice and vote. Each member nation may send as many as five representatives to the Assembly, but together the five may cast only a single vote.

It requires a two-thirds majority of those present and voting to decide important questions. On minor problems, a simple majority of those voting is sufficient to arrive at a decision.

The Assembly can study and discuss anything of world interest or importance. If it believes that a certain type of action would help to straighten

out a problem or dispute, it may suggest this to the nations which are involved in the difficulty. It may make the same recommendation to the most powerful branch of the UN—the Security Council. But the Assembly may not do more than to make suggestions and recommendations. It cannot compel nations to follow its advice. Unlike the Security Council, the Assembly does not have the power to enforce its decisions.

As the Assembly grows in influence and prestige, however, its suggestions are expected to carry a great deal of weight. Through its debates and recommendations, it may gradually build world opinion about what is "right" and "wrong" in the behavior of nations. If the majority of smaller nations in the Assembly favor a particular course of action, the big powers in the Security Council will be obliged to give serious consideration to their opinions, for the Council must have the support of these countries if it is to meet with long-range success.

The General Assembly began its work in January of this year, when it met in London. Its chief task at that time consisted of setting up its organizational machinery, so world problems received scant attention.

At its coming meeting, the Assembly will begin to deal with these broader problems. It will discuss and

debate such international questions as those involving the Franco government in Spain, the veto power of the Big Five nations in the Security Council, the refugee problem, the admission of new members to the UN, and a number of other similar matters.

Since this is the General Assembly's first meeting in the United States, plans are under way to observe the occasion on a national scale. *United Nations Week*, to coincide with the first week of the Assembly's meeting, will focus special attention on this world organization.

A number of projects have been suggested for American schools during this week. One is for students, either in classrooms or in assemblies, to discuss the problems which the Assembly is planning to take up. Another is to have students make daily reports of the Assembly at work. Still other suggestions for school activities during *United Nations Week*, together with display material, may be obtained from the American Association for the United Nations, 45 East 65th Street, New York 21, New York.



INTERNATIONAL NEWS
Paul Henri Spaak,
President of UN
General Assembly.



OFFICIAL NORWEGIAN PHOTO
Trygve Lie, Secretary-General of
United Nations.